

Addendum: AFTR

Revision [1.2]:

1. Changed the basic applicable estate and gift exclusion from \$11,200,000 for 2018 to \$11,180,000.
2. Changed the credit from \$14,625,800 for 2018 to \$4,417,800.
3. Change answer to review question from \$375,000 to \$750,000

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1. Changed the basic applicable estate and gift exclusion from \$11,200,000 for 2018 to \$11,180,000.
2. Changed the credit from \$14,625,800 for 2018 to \$4,417,800.

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3. The answer to question 12 should read A, is incorrect this is the available aggregate acquisition indebtedness for a Married Filing Separate taxpayer. C is correct. Single, HOH and MFJ taxpayers available aggregate acquisition indebtedness is \$750,000.

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The original example on page 36 in the text was incorrect. The corrected example follows:

Corrected Example

Example

Becky is single and has three children under age 17. She has earned income of \$28,050, a regular tax liability of \$573, a dependent care credit of \$500, social security taxes paid of \$1,178, and an earned income tax credit of \$3,985.

Becky is entitled to a regular child tax credit of \$573, but is limited by her tax liability after the dependent care credit ($\$573 - \$500 = \$73$). The additional child tax credit is calculated as follows:

The lesser of:

1. Full child tax credit
($\$2,000 \times 3$) \$ 6,000

| | |
|-------------------------------|----------|
| Less child tax credit allowed | 73 |
| | |
| Unused child tax credit | \$5,927 |
| or | |
| 2. The greater of: | |
| a. \$28,050 - \$2,500 x 15% | \$ 3,833 |
| or | |
| b. Social security taxes | 1,178 |
| Less EITC | 3,985 |
| | |
| Excess social security taxes | \$ 0 |
| | |

Becky's additional child tax credit is \$3,833. Item 2a is greater than 2b, because Item 1 is greater than Item 2a.

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Tax brackets should read as there are seven tax brackets, 10%, 12%, 22%, 24%, 32%, 35% and 37%

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